

RECORD, the President be immediately notified of the Senate's action, and the Senate then return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

The nominations considered and confirmed en bloc are as follows:

FEDERAL MINE SAFETY AND HEALTH REVIEW
COMMISSION

Robert H. Beatty, Jr., of West Virginia, to be a Member of the Federal Mine Safety and Health Review Commission for the remainder of the term expiring August 30, 1998.

EXECUTIVE OFFICE OF THE PRESIDENT

Arthur Bienenstock, of California, to be an Associate Director of the Office of Science and Technology Policy.

DEPARTMENT OF COMMERCE

Raymond G. Kammer, of Maryland, to be Director of the National Institute of Standards and Technology.

DEPARTMENT OF THE INTERIOR

Kevin Gover, of New Mexico, to be an Assistant Secretary of the Interior.

UNITED STATES POSTAL SERVICE

Ernesta Ballard, of Alaska, to be a Governor of the United States Postal Service for a term expiring December 8, 2005.

FEDERAL LABOR RELATIONS AUTHORITY

Dale Cabaniss, of Virginia, to be a Member of the Federal Labor Relations Authority for a term expiring July 29, 2002.

MERIT SYSTEMS PROTECTION BOARD

Susanne T. Marshall, of Virginia, to be a Member of the Merit Systems Protection Board for the term of seven years expiring March 1, 2004.

Frank C. Damrell, Jr., of California, to be United States District Judge for the Eastern District of California.

Martin J. Jenkins, of California, to be United States District Judge for the Northern District of California.

A. Richard Caputo, of Pennsylvania, to be United States District Judge for the Middle District of Pennsylvania.

NATIONAL FOUNDATION ON THE ARTS AND THE
HUMANITIES

William R. Ferris, of Mississippi, to be Chairperson of the National Endowment for the Humanities for a term of four years.

OFFICE OF PERSONNEL MANAGEMENT

Janice R. Lachance, of Maine, to be Director of the Office of Personnel Management for a term of four years.

NOMINATION OF KEVIN GOVER

Mr. DASCHLE. Mr. President, as we work through the Executive Calendar in the closing hours of the first session of the 105th Congress, I want to call my colleagues' attention to the President's nominee to be Assistant Secretary of the Interior for Indian Affairs, Kevin Gover of Albuquerque, New Mexico.

This appointment is important to my state and my constituents. Approximately 70,000 Native Americans live on nine reservations in South Dakota. Their daily lives are greatly affected by the activities of the BIA.

The appointment is also important to the nation as a whole. Anyone familiar with American history or who believes in the American dream of equal opportunity for all has a stake in federal Indian policy.

The Assistant Secretary of the Interior for Indian Affairs plays a critical

role in setting the agenda for the Bureau of Indian Affairs and has a great impact on the success or failure of federal Indian policy. He or she must understand the history of federal/Indian relations and have a vision for the future of this relationship. The Assistant Secretary for Indian Affairs must not only be accessible to tribal leaders, but also serve as an effective advocate for Indian people within the Executive branch decision-making circles. Finally, the Assistant Secretary must be a manager of the agency as well as a spokesperson for Administration policy.

Kevin Gover is a strong nominee to lead the Bureau of Indian Affairs. He is an enrolled member of the Pawnee Tribe of Oklahoma and is a partner in the law firm Gover, Williams and Janov in Albuquerque, New Mexico. He received his JD from the University of New Mexico and has specialized in federal Indian law, natural resource law, environmental law and housing law.

Kevin Gover has not only the intellectual capability and legal skill, but also the practical experience needed to be effective as Assistant Secretary of the Interior for Indian Affairs. He has worked in Indian Country long enough to see the successes and failures of the Bureau of Indian Affairs, and he has the perspective to help chart its course to the future.

Those of us in this chamber who represent significant Indian constituencies can all attest to the magnitude, complexity and significance of the challenges facing the Bureau of Indian Affairs. Tribal leaders in South Dakota have discussed with me their concerns about broad and important issues such as economic development, education, housing and health care. The BIA must be prepared to play a fair and constructive role in addressing these and other concerns about the quality of life on our reservations. I expect we all want the next Assistant Secretary of the Interior for Indian Affairs to possess the intellect, vision, leadership skills and wisdom to make this organization more effective and responsive to the ever-changing needs of those it serves. I believe Kevin Gover possesses these qualities.

There has been some concern expressed about the role Mr. Gover played as a private attorney in gaming activities in New Mexico. Senator CAMPBELL, Chairman of the Senate Indian Affairs Committee, and Senator INOUE, Vice Chair of the Committee, have both had an opportunity to review the FBI background report on Mr. Gover. They reported in the Committee hearing that they found nothing that should disqualify Mr. Gover from serving as Assistant Secretary. This review obviously included his activities as counsel to tribes with gaming operations in New Mexico. Moreover, in his confirmation hearings, Mr. Gover made clear that while he makes no apology for his support of Indian gaming, as Assistant Secretary he will not tolerate illegal gaming.

Kevin Gover has strong support throughout Indian Country. He enjoys this support because tribes realize that the Bureau of Indian Affairs needs a leader like Kevin Gover to move the BIA into the 21st century. I support this nomination and encourage my colleagues to do likewise.

LEGISLATIVE SESSION

The PRESIDING OFFICER. Under the previous order, the Senate will resume legislative session.

HOMEOWNERS PROTECTION ACT
OF 1997

Mr. SESSIONS. Mr. President, I now ask unanimous consent that the Senate proceed to the consideration of Calendar No. 243, S. 318.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

A bill (S. 318) to amend the Truth in Lending Act to require automatic cancellation and notice of cancellation rights with respect to private mortgage insurance which is required by a creditor as a condition for entering into a residential mortgage transaction.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Banking, Housing, and Urban Affairs, with an amendment to strike all after the enacting clause and inserting in lieu thereof the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Homeowners Protection Act of 1997".

SEC. 2. DEFINITIONS.

In this Act, the following definitions shall apply:

(1) **CANCELLATION DATE.**—The term "cancellation date" means (at the option of the mortgagor) the date on which the principal balance of a residential mortgage—

(A) based solely on the initial amortization schedule for that mortgage, and irrespective of the outstanding balance for that mortgage on that date, is first scheduled to reach 80 percent of the original value of the property securing the loan; or

(B) based on actual payments, reaches 80 percent of the original value of the property securing the loan.

(2) **GOOD PAYMENT HISTORY.**—The term "good payment history" means, with respect to a mortgagor, that the mortgagor has not—

(A) made a mortgage payment that was 60 days or longer past due during the 12-month period beginning 24 months before the date on which the mortgage reaches the cancellation date; or

(B) made a mortgage payment that was 30 days or longer past due during the 12-month period preceding the date on which the mortgage reaches the cancellation date.

(3) **INITIAL AMORTIZATION SCHEDULE.**—With respect to—

(A) a residential mortgage for which the interest rate is not subject to change, the term "initial amortization schedule" means a schedule established at the time at which a residential mortgage transaction is consummated, showing—

(i) the amount of principal and interest that is due at regular intervals to retire the principal

balance and accrued interest over the amortization period of the loan; and

(ii) the unpaid principal balance of the loan after each scheduled payment is made; and

(B) a residential mortgage for which the interest rate is subject to change, the "initial amortization schedule" shall be based upon the interest rate or rates applicable to the residential mortgage on the date on which the transaction is consummated.

(4) **MORTGAGE INSURANCE.**—The term "mortgage insurance" means insurance, including any mortgage guaranty insurance, against the nonpayment of, or default on, an individual mortgage or loan involved in a residential mortgage transaction.

(5) **MORTGAGE INSURER.**—The term "mortgage insurer" means a provider of private mortgage insurance, as described in this Act, that is authorized to transact such business in the State in which the provider is transacting such business.

(6) **MORTGAGEE.**—The term "mortgagee" means the holder of a residential mortgage at the time at which that mortgage transaction is consummated.

(7) **MORTGAGOR.**—The term "mortgagor" means the original borrower under a residential mortgage or his or her successors or assignees.

(8) **ORIGINAL VALUE.**—The term "original value", with respect to a residential mortgage, means the lesser of the sales price of the property securing the mortgage, as reflected in the contract, or the appraised value at the time at which the subject residential mortgage transaction was consummated.

(9) **PRIVATE MORTGAGE INSURANCE.**—The term "private mortgage insurance" means mortgage insurance other than mortgage insurance made available under the National Housing Act, title 38 of the United States Code, or title V of the Housing Act of 1949.

(10) **RESIDENTIAL MORTGAGE.**—The term "residential mortgage" means a mortgage, loan, or other evidence of a security interest created with respect to a single-family dwelling that is the primary residence of the mortgagor.

(11) **RESIDENTIAL MORTGAGE TRANSACTION.**—The term "residential mortgage transaction" means a transaction consummated on or after the date that is 1 year after the date of enactment of this Act, in which a mortgage, deed of trust, purchase money security interest arising under an installment sales contract, or equivalent consensual security interest is created or retained against a single-family dwelling that is the primary residence of the mortgagor to finance the acquisition, initial construction, or refinancing of that dwelling.

(12) **SERVICER.**—The term "servicer" has the same meaning as in section 6(i)(2) of the Real Estate Settlement Procedures Act of 1974, with respect to a residential mortgage.

(13) **SINGLE-FAMILY DWELLING.**—The term "single-family dwelling" means a residence consisting of 1 family dwelling unit.

(14) **TERMINATION DATE.**—The term "termination date" means the date on which the principal balance of a residential mortgage, based solely on the initial amortization schedule for that mortgage, and irrespective of the outstanding balance for that mortgage on that date, is first scheduled to reach 78 percent of the original value of the property securing the loan.

SEC. 3. TERMINATION OF PRIVATE MORTGAGE INSURANCE.

(a) **BORROWER CANCELLATION.**—A requirement for private mortgage insurance in connection with a residential mortgage transaction shall be canceled on the cancellation date, if the mortgagor—

(1) submits a request in writing to the servicer that cancellation be initiated;

(2) has a good payment history with respect to the residential mortgage; and

(3) has satisfied any requirement of the holder of the mortgage (as of the date of a request under paragraph (1)) for—

(A) evidence (of a type established in advance by the holder and made known to the mortgagor promptly upon receipt of a request under paragraph (1)) that the value of the property securing the mortgage has not declined below the original value of the property; and

(B) certification that the equity of the mortgage in the residence securing the mortgage is unencumbered by a subordinate lien.

(b) **AUTOMATIC TERMINATION.**—A requirement for private mortgage insurance in connection with a residential mortgage transaction shall terminate with respect to payments for that mortgage insurance made by the mortgagor—

(1) on the termination date if, on that date, the mortgagor is current on the payments required by the terms of the residential mortgage transaction; or

(2) on the date after the termination date on which the mortgagor becomes current on the payments required by the terms of the residential mortgage transaction.

(c) **FINAL TERMINATION.**—If a requirement for private mortgage insurance is not otherwise canceled or terminated in accordance with subsection (a) or (b), in no case may such a requirement be imposed beyond the first day of the month immediately following the date that is the midpoint of the amortization period of the loan if the mortgagor is current on the payments required by the terms of the mortgage.

(d) **NO FURTHER PAYMENTS.**—No payments or premiums may be required from the mortgagor in connection with a private mortgage insurance requirement terminated or canceled under this section—

(1) in the case of cancellation under subsection (a), more than 30 days after the later of—

(A) the date on which a request under subsection (a)(1) is received; or

(B) the date on which the mortgagor satisfies any evidence and certification requirements under subsection (a)(3);

(2) in the case of termination under subsection (b), more than 30 days after the termination date or the date referred to in subsection (b)(2), as applicable; and

(3) in the case of termination under subsection (c), more than 30 days after the final termination date established under that subsection.

(e) **RETURN OF UNEARNED PREMIUMS.**—

(1) **IN GENERAL.**—Not later than 45 days after the termination or cancellation of a private mortgage insurance requirement under this section, all unearned premiums for private mortgage insurance shall be returned to the mortgagor by the servicer.

(2) **TRANSFER OF FUNDS TO SERVICER.**—Not later than 30 days after notification by the servicer of termination or cancellation of private mortgage insurance under this Act with respect to a mortgagor, a mortgage insurer that is in possession of any unearned premiums of that mortgagor shall transfer to the servicer of the subject mortgage an amount equal to the amount of the unearned premiums for repayment in accordance with paragraph (1).

(f) **EXCEPTIONS FOR HOUSING OPPORTUNITY PROGRAMS AND HIGH RISK LOANS.**—

(1) **IN GENERAL.**—The termination and cancellation provisions in subsections (a) and (b) do not apply to any residential mortgage or mortgage transaction that, at the time at which the residential mortgage transaction is consummated, has high risks associated with the extension of the loan—

(A) as determined by guidelines published by the Federal National Mortgage Association and Federal Home Loan Mortgage Corporation, so as to require the imposition or continuation of a private mortgage insurance requirement beyond the terms specified in subsection (a) or (b) of section 3; or

(B) as determined by the mortgagee in accordance with guidelines that are identical to the guidelines published under subparagraph (A).

(2) **TERMINATION AT MIDPOINT.**—A private mortgage insurance requirement in connection

with a residential mortgage or mortgage transaction described in paragraph (1) shall terminate in accordance with subsection (c).

(3) **RULE OF CONSTRUCTION.**—Nothing in this subsection may be construed to require a mortgage or mortgage transaction described in paragraph (1)(A) to be purchased by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation.

SEC. 4. DISCLOSURE REQUIREMENTS.

(a) **DISCLOSURES FOR NEW MORTGAGES AT TIME OF TRANSACTION.**—

(1) **DISCLOSURES FOR NON-EXEMPTED TRANSACTIONS.**—In any case in which private mortgage insurance is required in connection with a residential mortgage or mortgage transaction (other than a mortgage or mortgage transaction described in section 3(f)(1)), at the time at which the transaction is consummated, the mortgagee shall provide to the mortgagor—

(A) a written initial amortization schedule; and

(B) written notice—

(i) that the mortgagor may cancel the requirement in accordance with section 3(a) of this Act indicating the date on which the mortgagor may request cancellation, based solely on the initial amortization schedule;

(ii) that the mortgagor may request cancellation in accordance with section 3(a) of this Act earlier than provided for in the initial amortization schedule, based on actual payments;

(iii) that the requirement for private mortgage insurance will automatically terminate on the termination date in accordance with section 3(b) of this Act, and what that termination date is with respect to that mortgage; and

(iv) that there are exemptions to the right to cancellation and automatic termination of a requirement for private mortgage insurance in accordance with section 3(f) of this Act, and whether such an exemption applies at that time to that transaction.

(2) **DISCLOSURES FOR EXCEPTED TRANSACTIONS.**—In the case of a mortgage or mortgage transaction described in section 3(f)(1), at the time at which the transaction is consummated, the mortgagee shall provide written notice to the mortgagor that in no case may private mortgage insurance be required beyond the date that is the midpoint of the amortization period of the loan, if the mortgagor is current on payments required by the terms of the residential mortgage.

(3) **ANNUAL DISCLOSURES.**—If private mortgage insurance is required in connection with a residential mortgage transaction, the servicer shall disclose to the mortgagor in each such transaction in an annual written statement—

(A) the rights of the mortgagor under this Act to cancellation or termination of the private mortgage insurance requirement; and

(B) an address and telephone number that the mortgagor may use to contact the servicer to determine whether the mortgagor may cancel the private mortgage insurance.

(4) **APPLICABILITY.**—Paragraphs (1) through (3) shall apply with respect to each residential mortgage transaction consummated on or after the date that is 1 year after the date of enactment of this Act.

(b) **DISCLOSURES FOR EXISTING MORTGAGES.**—If private mortgage insurance was required in connection with a residential mortgage entered into at any time before the effective date of this Act, the servicer shall disclose to the mortgagor in each such transaction in an annual written statement—

(1) that the private mortgage insurance may, under certain circumstances, be canceled by the mortgagor (with the consent of the mortgagee or in accordance with applicable State law); and

(2) an address and telephone number that the mortgagor may use to contact the servicer to determine whether the mortgagor may cancel the private mortgage insurance.

(c) **INCLUSION IN OTHER ANNUAL NOTICES.**—The information and disclosures required under

subsection (b) and paragraphs (1)(B) and (3) of subsection (a) may be provided on the annual disclosure relating to the escrow account made as required under the Real Estate Settlement Procedures Act of 1974, or as part of the annual disclosure of interest payments made pursuant to Internal Revenue Service regulations, and on a form promulgated by the Internal Revenue Service for that purpose.

(d) **STANDARDIZED FORMS.**—The mortgagee or servicer may use standardized forms for the provision of disclosures required under this section.

SEC. 5. NOTIFICATION UPON CANCELLATION OR TERMINATION.

(a) **IN GENERAL.**—Not later than 30 days after the date of cancellation or termination of a private mortgage insurance requirement in accordance with this Act, the servicer shall notify the mortgagor in writing—

(1) that the private mortgage insurance has terminated and that the mortgagor no longer has private mortgage insurance; and

(2) that no further premiums, payments, or other fees shall be due or payable by the mortgagor in connection with the private mortgage insurance.

(b) **NOTICE OF GROUNDS.**—

(1) **IN GENERAL.**—If a holder of a residential mortgage (or a servicer acting on behalf of that holder) determines that a mortgage did not meet the requirements for termination or cancellation of private mortgage insurance under subsection (a) or (b) of section 3, the servicer shall provide written notice to the mortgagor of the grounds relied on to make the determination (including the results of any appraisal used to make the determination).

(2) **TIMING.**—Notice required by paragraph (1) shall be provided—

(A) with respect to cancellation of private mortgage insurance under section 3(a), not later than 30 days after the later of—

(i) the date on which a request is received under section 3(a)(1); or

(ii) the date on which the mortgagor satisfies any evidence and certification requirements under section 3(a)(3); and

(B) with respect to termination of private mortgage insurance under section 3(b), not later than 30 days after the scheduled termination date.

SEC. 6. DISCLOSURE REQUIREMENTS FOR LENDER PAID MORTGAGE INSURANCE.

(a) **DEFINITIONS.**—For purposes of this section—

(1) the term “borrower paid mortgage insurance” means private mortgage insurance that is required in connection with a residential mortgage transaction, payments for which are made by the borrower; and

(2) the term “lender paid mortgage insurance” means private mortgage insurance that is required in connection with a residential mortgage transaction, payments for which are made by a person other than the borrower.

(b) **EXCLUSION.**—Sections 3 through 5 do not apply in the case of lender paid mortgage insurance.

(c) **NOTICES TO MORTGAGOR.**—In the case of lender paid mortgage insurance that is required in connection with a residential mortgage or a residential mortgage transaction—

(1) not later than the date on which a loan commitment is made for the residential mortgage transaction, the prospective mortgagee shall provide to the prospective mortgagor a written notice—

(A) that lender paid mortgage insurance differs from borrower paid mortgage insurance, in that lender paid mortgage insurance may not be canceled by the mortgagor, while borrower paid mortgage insurance could be cancelable by the mortgagor in accordance with section 3(a) of this Act, and could automatically terminate on the termination date in accordance with section 3(b) of this Act;

(B) that lender paid mortgage insurance—

(i) usually results in a residential mortgage having a higher interest rate than it would in the case of borrower paid mortgage insurance; and

(ii) terminates only when the residential mortgage is refinanced, paid off, or otherwise terminated; and

(C) that lender paid mortgage insurance and borrower paid mortgage insurance both have benefits and disadvantages, including a generic analysis of the differing costs and benefits of a residential mortgage in the case lender paid mortgage insurance versus borrower paid mortgage insurance over a 10-year period, assuming prevailing interest and inflation rates;

(D) that lender paid mortgage insurance may be tax-deductible for purposes of Federal income taxes, if the mortgagor itemizes expenses for that purpose; and

(2) not later than 30 days after the termination date that would apply in the case of borrower paid mortgage insurance, the servicer shall provide to the mortgagor a written notice indicating that the mortgagor may wish to review financing options that could eliminate the requirement for private mortgage insurance in connection with the residential mortgage.

(d) **STANDARD FORMS.**—The servicer of a residential mortgage may develop and use a standardized form or forms for the provision of notices to the mortgagor, as required under subsection (c).

SEC. 7. FEES FOR DISCLOSURES.

No fee or other cost may be imposed on any mortgagor with respect to the provision of any notice or information to the mortgagor pursuant to this Act.

SEC. 8. CIVIL LIABILITY.

(a) **IN GENERAL.**—Any servicer, mortgagee, mortgage insurer, or holder of a residential mortgage that violates a provision of this Act shall be liable to each mortgagor to whom the violation relates for—

(1) actual damages;

(2) in the case of an action by an individual, such additional damage as the court may allow, not to exceed \$1,000;

(3) costs of the action; and

(4) reasonable attorney fees, as determined by the court.

(b) **TIMING OF ACTIONS.**—No action may be brought by a mortgagor under subsection (a) later than 2 years after the date of the discovery of the violation that is the subject of the action.

(c) **LIMITATIONS ON LIABILITY.**—

(1) **IN GENERAL.**—With respect to a residential mortgage transaction, the failure of a servicer to comply with the requirements of this Act due to the failure of a mortgage insurer, a mortgagee, or a holder of a residential mortgage to comply with the requirements of this Act, shall not be construed to be a violation of this Act by the servicer.

(2) **RULE OF CONSTRUCTION.**—Nothing in paragraph (1) shall be construed to impose any additional requirement or liability on a mortgagee or mortgage insurer or holder of a residential mortgage.

SEC. 9. EFFECT ON OTHER LAWS AND AGREEMENTS.

(a) **EFFECT ON STATE LAW.**—

(1) **IN GENERAL.**—With respect to any residential mortgage or residential mortgage transaction consummated after the effective date of this Act, and except as provided in paragraph (2), the provisions of this Act shall supersede any provisions of the law of any State relating to requirements for obtaining or maintaining private mortgage insurance in connection with residential mortgage transactions, cancellation or automatic termination of such private mortgage insurance, any disclosure of information addressed by this Act, and any other matter specifically addressed by this Act.

(2) **CONTINUED APPLICATION OF CERTAIN PROVISIONS.**—This Act does not supersede any provision of the law of a State in effect on or before

September 1, 1989, pertaining to the termination of private mortgage insurance or other mortgage guaranty insurance, to the extent that such law requires termination of such insurance at an earlier date or when a lower mortgage loan principal balance is achieved than as provided in this Act.

(b) **EFFECT ON OTHER AGREEMENTS.**—The provisions of this Act shall supersede any conflicting provision contained in any agreement relating to the servicing of a residential mortgage loan entered into by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, or any private investor or note holder (or any successors thereto).

SEC. 10. CONSTRUCTION.

Nothing in this Act shall be construed to impose any requirement for private mortgage insurance in connection with a residential mortgage transaction.

SEC. 11. EFFECTIVE DATE.

This Act, other than section 12, shall become effective 1 year after the date of enactment of this Act.

SEC. 12. ABOLISHMENT OF THE THRIFT DEPOSITOR PROTECTION OVERSIGHT BOARD.

(a) **IN GENERAL.**—Effective at the end of the 3-month period beginning on the date of enactment of this Act, the Thrift Depositor Protection Oversight Board established under section 21A of the Federal Home Loan Bank Act (hereafter in this section referred to as the “Oversight Board”) is hereby abolished.

(b) **DISPOSITION OF AFFAIRS.**—

(1) **POWER OF CHAIRPERSON.**—Effective on the date of enactment of this Act, the Chairperson of the Oversight Board (or the designee of the Chairperson) may exercise on behalf of the Oversight Board any power of the Oversight Board necessary to settle and conclude the affairs of the Oversight Board.

(2) **AVAILABILITY OF FUNDS.**—Funds available to the Oversight Board shall be available to the Chairperson of the Oversight Board to pay expenses incurred in carrying out paragraph (1).

(c) **SAVINGS PROVISION.**—

(1) **EXISTING RIGHTS, DUTIES, AND OBLIGATIONS NOT AFFECTED.**—No provision of this section shall be construed as affecting the validity of any right, duty, or obligation of the United States, the Oversight Board, the Resolution Trust Corporation, or any other person that—

(A) arises under or pursuant to the Federal Home Loan Bank Act, or any other provision of law applicable with respect to the Oversight Board; and

(B) existed on the day before the abolishment of the Oversight Board in accordance with subsection (a).

(2) **CONTINUATION OF SUITS.**—No action or other proceeding commenced by or against the Oversight Board with respect to any function of the Oversight Board shall abate by reason of the enactment of this section.

(3) **LIABILITIES.**—

(A) **IN GENERAL.**—All liabilities arising out of the operation of the Oversight Board during the period beginning on August 9, 1989, and the date that is 3 months after the date of enactment of this Act shall remain the direct liabilities of the United States.

(B) **NO SUBSTITUTION.**—The Secretary of the Treasury shall not be substituted for the Oversight Board as a party to any action or proceeding referred to in subparagraph (A).

(4) **CONTINUATIONS OF ORDERS, RESOLUTIONS, DETERMINATIONS, AND REGULATIONS PERTAINING TO THE RESOLUTION FUNDING CORPORATION.**—

(A) **IN GENERAL.**—All orders, resolutions, determinations, and regulations regarding the Resolution Funding Corporation shall continue in effect according to the terms of such orders, resolutions, determinations, and regulations until modified, terminated, set aside, or superseded in accordance with applicable law if such orders, resolutions, determinations, or regulations—

(i) have been issued, made, and prescribed, or allowed to become effective by the Oversight Board, or by a court of competent jurisdiction, in the performance of functions transferred by this section; and

(ii) are in effect at the end of the 3-month period beginning on the date of enactment of this section.

(B) **ENFORCEABILITY OF ORDERS, RESOLUTIONS, DETERMINATIONS, AND REGULATIONS BEFORE TRANSFER.**—Before the effective date of the transfer of the authority and duties of the Resolution Funding Corporation to the Secretary of the Treasury under subsection (d), all orders, resolutions, determinations, and regulations pertaining to the Resolution Funding Corporation shall be enforceable by and against the United States.

(C) **ENFORCEABILITY OF ORDERS, RESOLUTIONS, DETERMINATIONS, AND REGULATIONS AFTER TRANSFER.**—On and after the effective date of the transfer of the authority and duties of the Resolution Funding Corporation to the Secretary of the Treasury under subsection (d), all orders, resolutions, determinations, and regulations pertaining to the Resolution Funding Corporation shall be enforceable by and against the Secretary of the Treasury.

(d) **TRANSFER OF THRIFT DEPOSITOR PROTECTION OVERSIGHT BOARD AUTHORITY AND DUTIES OF RESOLUTION FUNDING CORPORATION TO SECRETARY OF THE TREASURY.**—Effective at the end of the 3-month period beginning on the date of enactment of this Act, the authority and duties of the Oversight Board under sections 21A(a)(6)(I) and 21B of the Federal Home Loan Bank Act are transferred to the Secretary of the Treasury (or the designee of the Secretary).

(e) **MEMBERSHIP OF THE AFFORDABLE HOUSING ADVISORY BOARD.**—Effective on the date of enactment of this Act, section 14(b)(2) of the Resolution Trust Corporation Completion Act (12 U.S.C. 1831q note) is amended—

(1) by striking subparagraph (C); and

(2) by redesignating subparagraphs (D) and (E) as subparagraphs (C) and (D), respectively.

(f) **TIME OF MEETINGS OF THE AFFORDABLE HOUSING ADVISORY BOARD.**—

(1) **IN GENERAL.**—Section 14(b)(6)(A) of the Resolution Trust Corporation Completion Act (12 U.S.C. 1831q note) is amended—

(A) by striking “4 times a year, or more frequently if requested by the Thrift Depositor Protection Oversight Board or” and inserting “2 times a year or at the request of”; and

(B) by striking the second sentence.

(2) **CLERICAL AMENDMENT.**—Section 14(b)(6)(A) of the Resolution Trust Corporation Completion Act (12 U.S.C. 1831q note) is amended, in the subparagraph heading, by striking “AND LOCATION”.

Amend the title so as to read: “A Bill to require automatic cancellation and notice of cancellation rights with respect to private mortgage insurance which is required as a condition for entering into a residential mortgage transaction, to abolish the Thrift Depositor Protection Oversight Board, and for other purposes.”.

Mr. D'AMATO. Mr. President, today the Senate will consider, and I trust pass, S. 318, the Homeowners Protection Act of 1997. The Homeowners Protection Act, which I introduced earlier this year, and the Banking Committee passed by a 16-to-1 vote, is truly important legislation. This bill will protect homebuyers from excessive mortgage insurance premiums for homebuyers. It is a great product of great deal of hard work by a number of the Banking Committee's members. As a result, the legislation contains the consumer protections of the original bill; at the same time, the bill will be less of a compli-

ance burden for the businesses that are subject to the legislation.

Mr. President, the substitute amendment that Senator SARBANES and I will offer for Senate consideration is the result of a great deal of hard work by Members on both sides of the aisle. First, I would like to begin by thanking my colleague and friend from North Carolina, Senator FAIRCLOTH, for his hard work on this issue. Senator FAIRCLOTH and his staff have worked tirelessly to help craft compromise language that encompasses real consumer protection without undue regulatory burden. I would also like to offer my thanks to ranking minority member PAUL SARBANES and the bill's cosponsors, Senator DODD and Senator BRYAN, for their continuous support. I truly appreciate their valuable input in preparing the floor amendment that we are considering today. Likewise, I would like to commend Senators GRAMS and MOSELEY-BRAUN for their successful handling of the lender paid mortgage insurance issue, and my friend from Utah, Senator BENNETT, for helping to craft compromise language regarding class action liability.

Once again, I would particularly like to thank Representative JAMES HANSEN (R-UT), who has been the leader in the House in the fight to address PMI abuses.

Mr. President, by passing this bill we can remedy a market dysfunction—unnecessary private mortgage insurance premiums. These premiums are being paid by tens of thousands of American homeowners. Private mortgage insurance is typically required when a homebuyer cannot make the standard 20-percent downpayment. For many creditworthy, cash-poor potential homebuyers, private mortgage insurance has been a blessing. Unfortunately, it can also become a curse.

I will present just one example of this unfair practice. A homebuyer purchases a \$100,000 home with a 30-year, fixed rate mortgage and a 10-percent downpayment. After 10 years and \$3,500 in mortgage insurance premiums, it is likely that the homeowners would have a 20-percent equity stake in his or her home. At this time, private mortgage insurance is no longer necessary. However, if that homeowner is unaware of the right to cancel—as many are—and continues to pay for unnecessary insurance, he or she could spend an additional \$7,000 in premiums over the life of the loan. And this is less costly than many of the horror stories we hear. In fact, private mortgage insurance rates average between \$20 and \$100 per month, meaning that some consumers are unknowingly paying from \$240 to \$1,200 a year for absolutely no reason. Situations like these are nothing less than a fleecing of the American homeowner.

The private mortgage insurance industry extended coverage on nearly 900,000 of the approximately 4.4 million mortgages made for the purchase of single-family homes in 1995. At a Bank-

ing Committee hearing earlier this year, the spokesman for the private mortgage insurance industry stated that of the approximately 5 million homeowners repaying mortgages covered by PMI, 5 percent could be eligible for cancellation. That amounts to 250,000 hardworking families. And some estimates go much higher.

In fact, according to a recent Washington Post article by Ken Harney:

An eye-opening new estimate of the extent of the problem came last week when a Dallas-based loan portfolio analyst said he believes that as much as one-fifth of some lenders' mortgage portfolios consist of PMI-insured loans with equities that are greater than 20 percent of current market resale value.

Mr. President, clearly, American homeowners, particularly middleclass and firsttime homeowners need our help—and I can say today that that help is on the way. The committee print enables homeowners to initiate cancellation when they have accumulated 20-percent equity. Otherwise, the general rule is that PMI must be automatically canceled at 22 percent.

The bill also requires that all existing mortgagors who currently maintain PMI will receive an annual notice informing them that under certain circumstances their insurance may be canceled. The notice must include information to allow the homeowner to contact his or her servicer regarding cancellation requirements. New homebuyers will be informed of their cancellation rights at closing, and will be informed of their right under this law at closing and annually.

Mr. President, let me state for the record: I am opposed to unnecessary and excessive government regulation. This bill accomplishes the goals of S. 318 without imposing excess regulation. Clearly, the Congress should allow the free market to resolve most problems. This bill is only needed because, due to the peculiar nature of the PMI market, the market has not remedied this problem. I am grateful for the cooperation of all the industries and consumer groups that have helped bring us to this point.

Mr. President, the Homeowner's Protection Act is evidence of what this body can accomplish with hard work on a bipartisan basis. Currently, unnecessary PMI premiums are wrong—when this bill becomes law, they will be illegal. I urge my colleagues to support this important bill and to vote for its passage.

AMENDMENT NO. 1623

(Purpose: To provide a substitute)

Mr. SESSIONS. Senator D'AMATO has a substitute amendment at the desk. I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Alabama [Mr. SESSIONS] for Mr. D'AMATO, for himself and Mr. SARBANES, proposes an amendment numbered 1623.

(The text of the amendment is printed in today's RECORD under "Amendments Submitted.")

Mr. DODD. Mr. President. I rise today in strong support for passage of S. 318, the Homeowners Protection Act of 1997. This important consumer legislation would end the odious practice of forcing hundreds of thousands of homeowners to pay for private mortgage insurance long after they, or their lender, cease to derive any benefit from it.

Private mortgage insurance—or PMI as it's known—has played a very important role in expanding homeownership opportunities for people who have had less than the traditional 20 percent downpayment that many lenders required. In the event of a default, the PMI provides insurance to the lender for the difference between the downpayment and 20 percent or, in rare instances, some other predetermined percentage—equity level. This is also known as an 80 percent loan-to-value ratio.

As beneficial as PMI has been, it has also developed some less savory characteristics. Principally, the problem with PMI as it exists today is that it is virtually impossible for a homeowner to stop making the premium payments, even after the PMI no longer provides any protection. As a result, literally hundreds of thousands of homeowners pay as much as \$1,200 a year in unfair and unnecessary payments.

Mr. President, this legislation would change all that in a fair and simple way. First, the bill provides simple and meaningful disclosure to the borrower at the time of the mortgage closing, so that the borrower understands when and how they can cancel their PMI. In fact, the borrower receives an amortization table that gives them a date certain when they may voluntarily cancel the PMI and a date certain when the PMI will be automatically canceled. Second, the bill requires the mortgage servicer to provide annual notices to the homeowner and then to let the homeowner know that they've reached 80 percent loan-to-value ratio, based upon the original amortization table, and therefore, the homeowner may have the right to cancel. Third, the bill provides that for the vast majority of homeowners, their PMI will be automatically canceled at 78 percent loan-to-value ratio, based upon the original amortization table. Lastly, there are some very, very narrow exceptions for high-risk loans that allow the continuation of PMI to the half-life of the loan.

Let me put it more simply, Mr. President: for the overwhelming majority of homeowners, when you've got 20 percent equity in your home, you have the right to initiate cancellation of your PMI. If you choose not to initiate the cancellation, your PMI will be automatically canceled at 22 percent equity. It's that simple. And the result of these reforms will save hundreds of thousands of homeowners as much as \$1,200 a year.

As easy as the problem was to identify, it was a complicated and difficult

process to achieve this legislative remedy. I particularly wish to acknowledge the outstanding work of Chairman D'AMATO, with whom I joined in this effort back in February. I would also like to thank Senator SARBANES, Senator FAIRCLOTH, and Senator BENNETT for their tireless efforts to achieve a bill that serves the interest of consumers without inadvertently disrupting the mortgage lending industry.

I urge my colleagues to join me in passing this legislation.

Mr. FAIRCLOTH. Mr. President, I want to commend my colleagues on the Banking Committee for their tireless efforts to craft this piece of legislation so that the final bill can enjoy such broad bipartisan support. The Banking Committee has passed positive legislation to protect consumers and give them new rights for canceling private mortgage insurance.

Private mortgage insurance has been a great tool to increase homeownership. But there have been too many cases where people had trouble canceling the insurance long after it was needed. This bill gives consumers the opportunity to cancel their private mortgage insurance at 20-percent equity and requires automatic cancellation at 22-percent equity. S. 318 requires that homebuyers be informed about their right to cancel private mortgage insurance. It creates a national standard for cancellation that is clear and simple for consumers to understand. I believe it is a winner for all kinds of consumers.

When S. 318 was first introduced about 9 months ago many on the committee could not support it. It created unnecessary government mandates and controls on the entire mortgage industry by setting a bright line rule for cancellation. As a result, S. 318 as introduced, would have increased the cost of obtaining a low downpayment mortgage and would have put homeownership out of the reach for many families.

The version that was reported out of the committee, by a 16-to-1 vote on October 23, still provides consumers with important rights, but eliminates the Federal Government's role in the marketplace so that industry can continue to create innovative products for future homebuyers. Further, the bill provides meaningful limitations on class action lawsuits without stripping consumers of their enforcement mechanisms in the bill.

I believe that S. 318, as written today, is a good bill for consumers everywhere. Mortgage insurance is a valuable financial tool that allows people to get into homes years sooner than they would otherwise. But I do not want anyone to pay for it longer than it is needed. This bill gives consumers that protection.

Mr. SESSIONS. I ask unanimous consent that the amendment be considered as read and agreed to, the bill be considered as read a third time and passed as amended, the title amendment be

agreed to, the motion to reconsider be laid upon the table, and that any statements relating to the bill appear at this point in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment (No. 1623) was agreed to.

The bill (S. 318), as amended, was read the third time and passed.

The title was amended so as to read: A Bill to require automatic cancellation and notice of cancellation rights with respect to private mortgage insurance which is required as a condition for entering into a residential mortgage transaction, to abolish the Thrift Depositor Protection Oversight Board, and for other purposes.

CANCELLATION DISAPPROVAL ACT OF 1997

Mr. SESSIONS. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Calendar No. 284, H.R. 2631.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

A bill (H.R. 2631) disapproving the cancellations transmitted by the President on October 6, 1997 regarding public law 105-45.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. SESSIONS. I ask unanimous consent that the bill be read three times, passed, and the motion to reconsider be laid upon the table, that any statements relating thereto be printed in the RECORD at the appropriate place.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (H.R. 2631) was ordered to a third reading, was read the third time, and passed.

COMPREHENSIVE ONE-CALL NOTIFICATION ACT OF 1997

Mr. SESSIONS. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 280, S. 1115.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report.

The legislative clerk read as follows:

A bill (S. 1115) to amend title 49, United States Code, to improve the one-call notification process, and for other purposes.

The Senate proceeded to consider the bill.

Mr. SESSIONS. Mr. President, I ask unanimous consent that the bill be considered read a third time and passed; that the motion to reconsider be laid upon the table; and that any statements relating to the bill appear at the appropriate place in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (S. 1115) was read the third time and passed, as follows: